

October 07, 2019

BY E-FILING

To, Corporate Services Department, National Stock Exchange of India Limited, 5 th Floor, Exchange Plaza Plot no. C/1, G Block, Bandra - Kurla Complex Bandra (E), Mumbai - 400 051. Scrip Code: BYKE	To, Corporate Services Department, The Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001. Scrip Code: 531373	To, Corporate Services Department, Metropolitan Stock Exchange of India Limited, 4 th Floor, Vibgyor Towers, Bandra - Kurla Complex, Bandra (E), Mumbai - 400 098 Scrip Code: THEBYKE
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Sub: Intimation regarding Credit Rating assigned by CARE for Bank Facilities pursuant to Regulation 30 of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015.

Dear Sir/Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015, please note that the Company has been assigned Credit Rating given below for Bank facilities by the "Credit Analysis and Research Ltd. (CARE)".

Facilities	Amount (Rs. in crore)	Rating	Remarks
Long Term Bank Facilities	20.00	CARE BBB+; Stable (Triple B plus; Outlook: Stable)	Ratings Reaffirmed; Outlook revised from Negative.
Total	20.00 (Twenty crore only)		

A copy of letter from CARE assigning the Credit rating to our company was received on 07/10/2019 and the same is enclosed for your reference.

Kindly take the same on record.

Yours Faithfully

For The Byke Hospitality Limited


(Ankita Sharma)
Company Secretary and Compliance Officer



No. CARE/HO/RL/2019-20/2967

Mr. Anil Patodia
Managing Director
The Byke Hospitality Ltd.
Shree Shakambhari Corporate Park,
Plot No.156-158, Chakarvarti Complex,
Near Cambridge School, Near J.B. Nagar,
Andheri (E), Mumbai - 400099

October 1, 2019

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your company for FY19 (audited) and Q1FY19 (unaudited), our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	20.00	CARE BBB+; Stable (Triple B plus; Outlook: Stable)	Ratings Reaffirmed; Outlook revised from Negative
Total	20.00 (Rs. Twenty crore only)		

2. Refer **Annexure 1** for details of rated facilities.
3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

case, if we do not hear from you by October 5, 2019 we will proceed on the basis that you have no any comments to offer.

4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.


If you need any clarification, you are welcome to approach us in this regard.

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CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

Thanking you,

Yours faithfully,



Priyadarshini Gang

Manager

priyadarshini.gang@careratings.com

Encl.: As above



Pulkit Agarwal

Associate Director

pulkit.agarwal@careratings.com

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure 1
Details of Rated Facilities

1. Long-term facilities

1.A. Fund Based limits sanctioned by Yes Bank Limited as at 30th September 2019
(Rs. crore)

Sr. No.	Name of Bank	Fund Based Limits		
		CC*	Others (please specify)	Total fund-based limits
1	Yes Bank Limited	20.00	-	20.00
	TOTAL	20.00	-	20.00

*CC=Cash credit; LC=Letter of credit; BG=Bank guarantee

Total long-term facilities as at 30th September 2019 Rs. 20.00crore

Annexure 2
Press Release
The Byke Hospitality Limited

October X, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Long term Bank Facilities	20.00	CARE BBB+; Stable (Triple B Plus; Outlook: Stable)	Ratings Reaffirmed; Outlook revised from Negative
Total Facilities	20.00 (Rs. Twenty crore only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The long term ratings assigned to the bank facilities of The Byke Hospitality Limited derives comfort from stable operational performance of the room revenue and F&B business, the vast experience of the promoters in the hospitality industry, asset light business model, comfortable capital structure and the improving geographic presence of the company. The ratings also favorably take into account the company's exit from the loss making room chartering business.

The rating strengths continue to be tempered by moderate liquidity and high susceptibility to economic cycles and operations in highly competitive industry.

TBHL's ability to maintain its operating metrics and capital structure while undertaking expansion remains the key rating sensitivity

Outlook: Stable

The revision in outlook from 'Negative' to 'Stable' is on account of exit from the loss making room chartering business. The company's room revenue and food and beverage segment showed stable performance in FY19.

Detailed description of the key rating drivers

Key Rating Strengths

Experienced promoters & management

The promoter of the company - Mr. Anil Patodia – has over two decades of experience in hospitality sector and is presently playing key role in expansion of the company's business.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Good brand presence and asset light revenue model

TBHL's portfolio primarily consists of properties on long term leases (10 year +). Out of the 21 properties, only 2 are owned. Majority of the properties in TBHL are located in popular leisure/business destinations in tier 2 or mini metros. Some of the properties have been awarded in various categories like best food, value for money, consistently great customer reviews etc. The Company's F&B /event based revenue has been ~50% contributor to the total revenues from hotel business. FY 19 the company had 14 operational properties and 7 properties are expected to commence operations in FY 20. TBHL has recently forayed into management contract based business model with 2 properties totalling to 77 rooms in the pilgrimage sites of Junagadh and Dwarka in Gujarat. The Company has expansion plans; however the same is expected to be funded by internal accruals.

Improving geographic presence in Hotel business

The Company has been expanding its presence and has around 21 owned/leased hotels in 18 locations mostly in Western and Northern parts of India. In FY 19, the Company added three properties in Ooty, Cochin in the South and Bhavnagar and Studio Apartments in Thane. At the same time the company's properties are registered on various online portals like Make My Trip, Expedia etc. Stabilization of operations in the new properties and improving occupancy and average room rates in the midst of expansion would be rating monitorable.

Stable Operating metrics of the Continuing business

The hotel business reported stable operating performance with average occupancy rate at 67%(68% in FY18), average room rate at Rs. 3882(Rs. 3867 in FY18) and Revenue available per room(Rev PAR) at Rs. 1469(Rs. 1405 in FY18). Food and beverages continue to contribute over 50% of the total hotel income.

Healthy capital structure albeit elongated working capital cycle

The company has consistently maintained a healthy capital structure with minimal debt on its balance sheet. Gearing stood at 0.11x as on March 31, 2019 (as against 0.11x as on March 31, 2018) with total debt of Rs.20.45 crore. The collection period has elongated at average of 71 days from 53 days in FY 18 due to chartering business.

Key Rating Weaknesses

Poor financial performance due to room chartering business:

TBHL reported losses of Rs.14.27 crore in FY19 due to room chartering activity; thus affecting the profitability margins. PBILDT margins contracted to 16.77 % from 29.85% in FY19. The gross cash accruals of the company reduced to Rs. 14.96 in FY 19 as opposed to Rs. 49.51 crores in FY 18.

High susceptibility to economic cycles and operations in highly competitive industry

The hospitality industry is highly fragmented with many local and international players operating across different hotel segments leading to high level of competition in the business. However, the company, on account of its brand name and reputation has been successful in maintaining stable and comfortable occupancy rates. The performance of the hospitality sector is driven by macroeconomic factors like prospects of Indian tourism industry (which in turn is dependent on the overall economy and disposable incomes), competitiveness of Indian tourism, business and leisure travel, foreign tourist arrivals (FTAs), popularizing trend of meetings, incentives, conferences, and exhibitions. The sector is susceptible to downturn in the economy as well as local government policies regulating trade.

Liquidity: Moderate. The Company has no material repayment obligations in FY20 and FY 21. The working capital limits are almost fully utilized. Operating cycle of the company has increased from 96 days in FY18 to 116 days in FY19 on account of receivables in chartering business. Capex is expected to be funded out of internal accruals.

Analytical approach: Standalone

Applicable Criteria

CARE's Policy on Default Recognition

Criteria on assigning Outlook and Credit Watch to Credit Ratings

Rating Methodology – Hotel Industry

Financial ratios – Non-Financial Sector

About the Company

The Byke Hospitality Ltd. (TBHL) was incorporated in 1990 as Kotawala Financial Consultancy Pvt. Ltd. by Mr. Satyanarayan Sharma (presently Director). Having entered into hospitality business in 2004 with acquisition of two properties in Goa; the company at present operates 19 properties at 18 different locations with total room inventory of 1178 rooms. Additionally it has 2 properties under management contract with 77 rooms.

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	178.18*	147.67
PBILDT	69.61	24.76
PAT	35.82	5.06
Overall gearing (times)	0.11	0.11
Interest coverage (times)	78.13	11.08

A: Audited

*The company has started reporting of room chartering revenues on net basis since April 01, 2017.

Status of non-cooperation with previous CRA:

ICRA has suspended its rating vide press release dated August 14, 2015 on account of its inability to carry out a rating surveillance in the absence of the requisite information from the company.

Any other information:

Not Applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	20.00	CARE BBB+; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (13-Dec-17)	1)CARE A- (10-Oct-16)
2.	Fund-based - LT-Cash Credit	LT	20.00	CARE BBB+; Stable	-	1)CARE BBB+; Negative (19-Feb-19) 2)CARE A-; Stable (27-Sep-18)	1)CARE A-; Stable (13-Dec-17)	1)CARE A- (10-Oct-16)

Annexure-3: Detailed explanation of covenants of the rated facilities

Working capital Facilities	Detailed explanation
A. Financial covenants	
i Maintenance of Total Debt/ TNW (Total Network)	To be less than or equal to 0.2x
ii Maintenance of EBITDA	To be maintained atleast greater than 20%
iii Maintenance of Current Ratio	To be maintained at greater than 1.5
iiii Maintenance of TOL/TNW	To be maintained at less than 0.5x

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

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**For detailed Rationale Report and subscription information, please contact us at www.careratings.com